



**Date:** June 1, 2004  
**To:** Honorable Mayor and City Council  
**Through:** Thomas J. Wilson, City Manager, for Council Action  
**From:** Emma Karlen, Director of Financial Services  
**Subject:** **Final Adoption of FY 04-05 Operating Budget and Capital Improvement Program**

**Background:** During the May 11, 2004 Budget Public Hearing, the City Council conceptually approved the City/Agency Proposed FY 2004-05 Annual Budget, the FY 2004-05 Capital Improvement Program (CIP) Budget, and the Five-Year Capital Improvement Program (2004-09). Based on the actions conceptually approved by Council, the attached Resolutions are submitted for Council's adoption and approval of the Final 2004-05 Annual Budget totaling \$125,538,449.

The Proposed FY 2004-05 Budget as submitted for Council's consideration was \$125,704,007. The Final Budget amount includes adjustments identified in the modification sheet included in this packet. The changes to the proposed budget decrease expenditures by \$165,558. The budget modifications include the following:

• Decrease Recreation community promotions budget due to duplicate requests	\$ (24,000)
• Adjust Accounting Services vacancy factor budget due to miscalculation	5,922
• Decrease Street Maintenance services budget due to outsource of street sweeping	(225,000)
• Decrease Neighborhood Preservation temporary salaries budget	(12,480)
• Omission to include contribution to Joint Venture Silicon Valley in RDA Fund's community promotion budget	10,000
• Increase Utility Funds' service budget for ABAG claim settlement retention	80,000
	<u>\$ (165,558)</u>

Other modifications identified are text changes to the budget document which do not impact the total budget amount.

The Final Operating Budget, CIP Budget and Five-Year Capital Improvement Program will be modified to include these adjustments directed by the Council. The Final Budget documents will be distributed for the September 7, 2004 Council Meeting.

**Recommendation:** City Council/Agency approve the following:

1. A Resolution adopting the FY 2004-05 Appropriations Limit of \$50,620,037 for the City of Milpitas.
2. A Joint Resolution of the City and Redevelopment Agency approving the City's Final FY 2004-05 Budget of \$125,538,449.
3. A Joint Resolution of the Milpitas Redevelopment Agency and the City of Milpitas making findings following a Public Hearing for use of Redevelopment funds.
4. A Resolution of the Milpitas Redevelopment Agency authorizing payments to the City of Milpitas pursuant to the Second Amended and Restated Public works Agreement.
5. A Resolution of the Milpitas Redevelopment Agency determining that the planning and administration expenses to be funded in FY 2004-05 by the Housing Reserve Fund are necessary for the production, improvement and/or preservation of affordable housing for the low and moderate-income households.
6. The FY 2004-05 Capital Improvement Budget of \$14,323,712.
7. The Five-year Capital Improvement Program for the Fiscal Years 2004-05 through 2008-09 of \$61,792,766.

**Date:** June 1, 2004  
**To:** Honorable Mayor and City Council  
**Through:** Thomas J. Wilson, City Manager  
**From:** Emma Karlen, Director of Financial Services  
**Prepared by:** Rosemary Beltran, Administrative Analyst II  
**Subject:** 2004-05 Proposed Budget Modification Sheet

The following revisions are proposed to the 2004-05 Operating Budget due to errors, omissions and revisions identified after the documents were printed. These changes will be incorporated into the Final Budget document.

Item No.	Page No.	Revision	Increase (Decrease) To Fund Balance
1.	3,12	Text change: The use of reserve from the PERS Rate Stabilization should be \$2.5 million instead of \$2.6 million. Typo error.	N/A
2.	TAB before 19, 25	Change text from Committee to Commission for Citizen's Emergency Preparedness Advisory, Bicycle Transportation Advisory and Recycling and Source Reduction Advisory.	N/A
3.	84	Performance Indicators change: Add commission, subcommittee and county/regional agency/assn. meetings.	N/A
4.	TAB before 93	Organization chart change: Add a Principal Transportation Planner position in Traffic Engineering. In the Special Projects Section, there should be 2 Jr Assistant Engineers instead of 1. In Design & Construction, there should be 4 Jr Assistant Civil Engineer instead of 5 and 2 Engineering Aides instead of 1.	N/A
5.	125	Reduce Recreation Community Promotions budget by \$24,000 to \$88,680. Error due to duplicated budget requests.	\$24,000
6.	145	Adjust Accounting Services Vacancy Factor by \$5,922 to (\$71,438) due to miscalculation.	(\$5,922)
7.	157	Reduce Street Maintenance Services (object code 4230) by \$225,000 for street sweeping outsourced to the solid waste refuse service provider. Revised service budget is \$173,500.	\$225,000

8.	178	Delete the temporary part-time Student Intern position in Neighborhood Preservation Personnel Allotment section and change Temporary Salaries to zero.	\$12,480
9.	198	Accomplishments line item 5 change: Expanded the SAFE program by 51 member (95% instead of 75%) while graduating four additional classes.	N/A
10.	208, 209	Add \$10,000 to Non-Departmental Community Promotion budget for the annual RDA contribution to Joint Venture Silicon Valley. Add \$80,000 to Non-Departmental ABAG Settlement Reserve for Utility Funds claims.	(\$90,000)
11.	227	Capital Project title change to Midtown Parking Garage instead of Mid-town Parking Garage Design.	N/A

General Fund Total	\$255,558
RDA Total	(\$10,000)
Utility Funds Total	(\$80,000)

# 2004-05 PROPOSED BUDGET SUMMARY

	GRAND TOTAL	GENERAL FUND (1)	LIBRARY FUND	SPECIAL REVENUE (2)	CAPITAL PROJECTS (3)	REDEVELOPMENT AGENCY (4)	WATER FUND (5)	SEWER FUND (6)
<b>ESTIMATED REVENUES:</b>								
Property Tax, Current	37,161,000	9,367,000	0	0	0	27,738,000	0	56,000
Taxes, Other	21,558,373	19,639,000	936,000	265,000	0	718,373	0	0
Licenses & Permits	2,148,000	2,148,000	0	0	0	0	0	0
Fines & Forfeitures	769,000	769,000	0	0	0	0	0	0
Use of Money & Property	7,462,000	1,736,000	125,000	42,000	663,000	3,939,000	241,000	716,000
Intergovernmental	6,559,270	3,912,000	0	2,093,509	453,761	100,000	0	0
Charges For Current Service	26,736,727	2,932,000	0	1,605,727	0	0	14,199,000	8,000,000
Other Revenues	4,190,600	47,000	0	288,000	2,230,000	35,800	614,800	975,000
<b>Total Estimated Revenues</b>	<b>106,584,970</b>	<b>40,550,000</b>	<b>1,061,000</b>	<b>4,294,236</b>	<b>3,346,761</b>	<b>32,531,173</b>	<b>15,054,800</b>	<b>9,747,000</b>
<b>Other Financing Sources</b>								
(Increase) Decrease in Fund Balance	12,514,479	(272,136)	0	639,049	(1,593,800)	15,028,028	(1,269,729)	(16,933)
(Increase) Decrease in PERS Rsrv	2,500,000	2,500,000	0	0	0	0	0	0
(Increase) Decrease in Library Rsrv	3,939,000	0	3,939,000	0	0	0	0	0
Operating Transfers In	29,341,586	24,706,586	0	0	3,200,000	275,000	0	1,160,000
Operating Transfers (Out)	(29,341,586)	0	(5,000,000)	(1,304,000)	(1,055,000)	(16,674,470)	(3,079,783)	(2,228,333)
<b>TOTAL ESTIMATED REVENUES AND OTHER FINANCING SOURCES</b>	<b>125,538,449</b>	<b>67,484,450</b>	<b>0</b>	<b>3,629,285</b>	<b>3,897,961</b>	<b>31,159,731</b>	<b>10,705,288</b>	<b>8,661,734</b>
<b>ESTIMATED EXPENDITURES:</b>								
Salaries & Benefits	60,579,025	55,809,291	0	1,124,932	0	625,231	1,975,373	1,044,198
Services & Supplies	28,001,689	10,409,049	0	2,062,453	224,200	696,487	8,151,964	6,457,536
Capital Outlay	4,558,700	6,800	0	441,900	0	4,000,000	110,000	0
<b>Total Operating Costs</b>	<b>93,139,414</b>	<b>66,225,140</b>	<b>0</b>	<b>3,629,285</b>	<b>224,200</b>	<b>5,321,718</b>	<b>10,237,337</b>	<b>7,501,734</b>
Debt Service	18,075,323	1,259,310	0	0	0	16,816,013	0	0
Capital Improvements	14,323,712	0	0	0	3,673,761	9,022,000	467,951	1,160,000
<b>Budgeted Appropriations</b>	<b>125,538,449</b>	<b>67,484,450</b>	<b>0</b>	<b>3,629,285</b>	<b>3,897,961</b>	<b>31,159,731</b>	<b>10,705,288</b>	<b>8,661,734</b>
<b>FUND BALANCE:</b>								
Fund Balance 7/1/04	273,943,900	24,971,000	9,157,000	9,587,500	21,765,000	181,218,400	8,445,000	18,800,000
Increase (Decrease) in Fund Balance	(18,953,479)	(2,227,864)	(3,939,000)	(639,049)	1,593,800	(15,028,028)	1,269,729	16,933
Fund Balance 6/30/05	<u>254,990,421</u>	<u>22,743,136</u>	<u>5,218,000</u>	<u>8,948,451</u>	<u>23,358,800</u>	<u>166,190,372</u>	<u>9,714,729</u>	<u>18,816,933</u>
Reserved	118,235,029	1,446,578	0	8,948,451	0	107,840,000	0	0
Reserved for RDA Debt Service	0	0	0	0	0	0	0	0
Unreserved, Designated	13,018,000	7,800,000	5,218,000	0	0	0	0	0
Unreserved, Designated for PERS	3,000,000	3,000,000	0	0	0	0	0	0
Unreserved, Designated for CIP	21,827,800	0	0	0	21,827,800	0	0	0
Unreserved, Designated for Housing	23,234,000	0	0	0	0	23,234,000	0	0
Unreserved, Undesignated	<u>75,675,592</u>	<u>10,496,558</u>	<u>0</u>	<u>0</u>	<u>1,531,000</u>	<u>35,116,372</u>	<u>9,714,729</u>	<u>18,816,933</u>
<b>Fund Balance 6/30/05</b>	<b>254,990,421</b>	<b>22,743,136</b>	<b>5,218,000</b>	<b>8,948,451</b>	<b>23,358,800</b>	<b>166,190,372</b>	<b>9,714,729</b>	<b>18,816,933</b>

**Note:** (1) General Fund balance includes accrued leave, and insurance liability accounts.  
(2) Special Revenue Funds include Gas Tax Fund, Light & Landscape Maintenance Funds, Housing and Community Development Fund, Law Enforcement Block Grant Funds, Abandon Vehicle Abatement Funds, Solid Waste Services Fund and Equipment Replacement Funds  
(3) Capital Projects include Street Improvement Fund, Park Improvement Funds, General Government Capital Improvement Fund and Storm Drain Capital Improvement Fund

(4) Redevelopment Agency Funds include Housing Reserve Fund, Redevelopment Project Fund and Tax Allocation Bond Fund.  
(5) Water Fund balances are working capital and include Water Fund, Water Fund CIP, Water Line Extension Fund and Recycled Water Fund  
(6) Sewer Fund balances are working capital and include Sewer Fund, Sewer Fund CIP, Treatment Plant Construction Fund and South Bay Water Recycling Program Fund.

**DEPARTMENT:** 1 Policy Planning & Implementation  
**DIVISION:** 10 City Council  
**FUNCTION:** 100 City Council

**CITY MANAGER:** Tom Wilson

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### Function Description

The City Council serves as the governing body of the City, provides legislative direction, and promulgates policies pertaining to the provision of services and direction of City government.

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Performance Indicators	Actual 2001-02	Actual 2002-03	Projected 2003-04	Estimated 2004-05
City Council Meetings	23	23	23	23
Commission Meetings	130	134	140	140
Subcommittee Meetings	65	65	70	70
County/Regional Agency/Assn. Meetings	270	270	270	270

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### 2003-2004 Accomplishments

1. Provided comprehensive policy direction for the municipal corporation.
  2. Enhanced citizen and neighborhood services.
  3. Established citywide priorities for administrative and financial management for Fiscal Year 2003-04.
  4. Reviewed and adopted policies to increase productivity, efficiency, and accountability.
  5. Provided oversight for the completion of the City Hall 4<sup>th</sup> floor build out and 3<sup>rd</sup> floor improvements.
  6. Continued to provide guidance on the conceptual development of the new Library and Senior Center.
  7. Provided direction for the expansion of the Redevelopment Area.
  8. Provided direction for the implementation of the Midtown Specific Plan.
  9. Formalized and enhanced the partnership between the City and the Milpitas Unified School District.
  10. Monitored the implementation of a Public Safety Terrorism Response Plan.
  11. Adopted an updated Housing Element, recognized by the state Department of Housing and Community Development as a model housing element for other cities.
  12. Completed development of the Milpitas Dog Park at the Ed Levin Park.
  13. Initiated planning of the Milpitas 50<sup>th</sup> Anniversary celebrations.
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### 2004-2005 Objectives

1. Provide policy direction for the municipal corporation.
  2. Establish citywide priorities for Fiscal Year 2004-05.
  3. Focus on citywide economic recovery with emphasis on redevelopment of the Midtown area.
  4. Review and adopt policies to increase productivity, efficiency and accountability.
  5. Oversee the development of the design for the new Milpitas library and the renovation and expansion of the Milpitas Senior Center.
  6. Increase community-wide information and communication.
  7. Oversight of Milpitas 50<sup>th</sup> Anniversary celebrations.
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### Personnel Allotment

This function is staffed by: (1) Mayor, (1) Vice-Mayor and (3) Council members.  
Stipends for seven Planning Commissioners are included in the City Council budget.

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### Personnel Changes

No change is requested.

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### Expenditure Analysis

Personnel Services: \$164,995 will provide staffing for this function.  
Services and Supplies: \$142,399 will provide for community promotions, supplies, memberships and meeting expenses for the City Council, City Commissions and Boards.  
Capital Outlay: No capital outlay is requested.

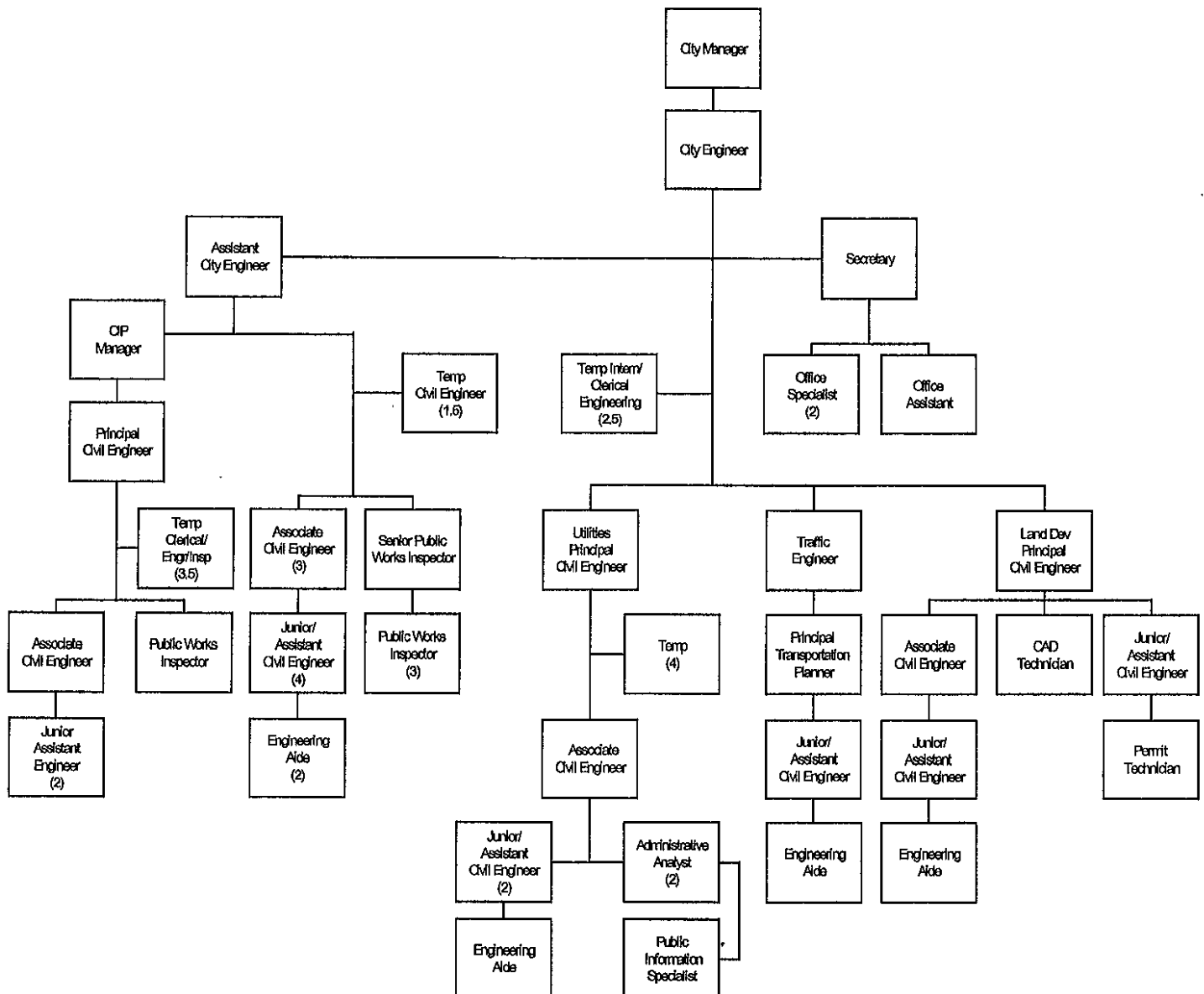
# Engineering

## Mission Statement

The Engineering Division provides the resources to enhance the City infrastructure through the design, management, and construction of public improvements and the management of various public works programs in a safe, coordinated, timely, and cost effective manner with responsive service to the entire community.

## Functions

Engineering Administration  
Design & Construction  
Land Development  
Traffic  
Utility  
Solid Waste  
Special Projects



**City of Milpitas  
2004-2009 CAPITAL IMPROVEMENT PROGRAM**

Category	Project	Estimate Level
Community Improvements	New Midtown Parking Garage	1

**CONTACT:** Mark Rogge [3257]

**PRIORITY:** Mandatory or Committed Projects

**ANNUAL MAINTENANCE COSTS:** \$0

**DESCRIPTION - LOCATION**

This project provides for the design of a parking garage to serve Midtown and for the new library. It will provide approximately 300 parking spaces on 3 parking levels. It will be located on Main Street, South and East of the new library. Preliminary work includes land acquisition, evaluation of soil and Hazardous material conditions and demolition design. Funding for construction will be recommended in 2005-06 and 2006-07, after design is complete and an estimate is developed.

**COMMENTS**

Funding includes estimated costs for land acquisition and design. The cost plan for a 300 parking space structure indicates approximately \$9.5 million construction cost.

\* Property acquisition cost have not yet been determined. The amount shown is very preliminary.

**STATUS**

New Project

**Uncommitted Balance as of Feb. 29, 2004:**

\$0

**ESTIMATED COST**

	Prior Year	2004-05	2005-06	2006-07	2007-08	2008-09	TOTAL
Design	0	800,000	0	0	0	0	800,000
Administration	0	50,000	0	0	0	0	50,000
Surveys	0	50,000	0	0	0	0	50,000
Inspection	0	0	0	0	0	0	0
Land	0	3,000,000	0	0	0	0	3,000,000
Improvements	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>TOTAL</b>	0	3,900,000	0	0	0	0	3,900,000

**FINANCING**

	Prior Year	2004-05	2005-06	2006-07	2007-08	2008-09	TOTAL
RDA Bond 2004	0	3,900,000	0	0	0	0	3,900,000
<b>TOTAL</b>	0	3,900,000	0	0	0	0	3,900,000

**FINANCING NOTES:**

# MEMORANDUM

## Recreation Services



**To:** Milpitas City Council  
**From:** Bonnie Greiner, Recreation Services Manager  
**Subject:** **Sports Center Membership**  
**Date:** May 19, 2004

Per the Vice Mayor's request at the budget hearing on May 11, 2004, listed below is the break down from employee membership verse paying patron membership.

### Members

Employee - 305

Regular- 5,343

= 5,648 Members  
**5 % Employees**

### Daily Usage

Employee - 16

Regular - 143

= 159 Daily Uses  
**10% Employee**

**\*\*Employee Membership includes Full-time Employees, Part-time employees and Commissioners.**

Please advise should you need any additional information.  
Thank you.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF MILPITAS ADOPTING THE APPROPRIATIONS  
LIMIT FOR THE CITY OF MILPITAS FOR FISCAL YEAR 2004-2005**

WHEREAS, Article XIIB, section 1 of the Constitution of the State of California requires that total annual appropriations subject to limitation of the City of Milpitas shall not exceed the appropriations limit of the City for the prior year adjusted for changes in the cost of living and population except as otherwise provided; and

WHEREAS, this article became effective July 1, 1980, as amended, which requires the City to establish its appropriations limit by resolution each year at a regularly scheduled meeting or a noticed special meeting, commencing after the beginning of each fiscal year; and

WHEREAS, the appropriations base for 1978-79 had been determined and adjusted by the changes in population, cost of living, and transfers of financial responsibility, establishing an appropriations limit for fiscal year 2004-2005 of \$50,620,037.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Milpitas hereby adopts the appropriations limit for fiscal year 2004-2005, that amount as set forth herein.

PASSED AND ADOPTED this 1<sup>st</sup> day of June, 2004, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

\_\_\_\_\_  
Gail Blalock, City Clerk

\_\_\_\_\_  
Jose S. Esteves, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Steven T. Mattas, City Attorney

**RESOLUTION NO. \_\_\_\_\_**

**A JOINT RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF MILPITAS AND OF THE  
THE MILPITAS REDEVELOPMENT AGENCY  
APPROVING THE FINAL BUDGET  
FOR THE CITY OF MILPITAS FOR THE FISCAL YEAR 2004-2005**

WHEREAS, the City Manager submitted a 2004-2005 Proposed Budget and Financial Plan; and

WHEREAS, public hearings were held on the proposed Plan where all interested persons were heard;  
and

WHEREAS, the City Council and the Redevelopment Agency reviewed and modified the City Manager's proposed 2004-2005 Proposed Budget and Financial Plan; and

WHEREAS, on May 11, 2004, the City Council and the Redevelopment Agency approved the 2004-2005 Financial Plan, as amended, and the 2004-2005 Capital Budget.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The annual budget for the City of Milpitas for fiscal 2004-2005 is hereby reaffirmed and adopted totaling \$125,538,449 for all appropriated funds.

SECTION 2. Appropriations and estimated fund balances are hereby made for the various purposes designated in the 2004-2005 Final Budget.

SECTION 3. The budgets for all departments for the period July 1, 2004 through June 30, 2005, inclusively contained in the 2004-2005 Final Budget Resolution, are approved as the operating budget for those departments for fiscal 2004-2005.

SECTION 4. Any unused non-salary and benefits related appropriations, subject to the approval of the City Manager, at the end of fiscal 2004-2005 may be reappropriated for continued use in fiscal 2005-06.

SECTION 5. No office, department or agency shall expend any amount or incur any liability or enter into any contract which by its terms involves expenditures of money for any purpose in excess of the amounts appropriated for the classification of expenditures pursuant to this resolution. Budgetary control shall be at the department level.

SECTION 6. The City Manager may authorize, when in his or her judgment such action is consistent with the purposes and intent of the Budget as adopted, budget revisions subject to the following conditions:

1. Prior Council/Agency Approval Not Required. Prior approval of the City Council and/or Redevelopment Agency is not required under the following circumstances:
  - a. When revisions which involve transfers from appropriated contingency reserves or appropriations from unallocated reserves are less than the aggregate amount of 1% of General Fund appropriations, or \$674,845 during fiscal 2004-2005, provided that the Council/Agency is notified in writing of the revision, giving the reason, the amount of the revision and the year-to-date total amount of revisions.

- b. When revisions involve transfers from one unencumbered line-item account balance to another, provided that the Council/Agency is notified in writing of any transfer in excess of \$10,000.
  - c. For Police goods and services to be purchased from Asset Seizure funds, the City Manager or his designee, has the authority to purchase such goods or services if the expenditures of such goods and services do not exceed the amount designated from Asset Seizure funds as approved by the City Council/Redevelopment Agency during the fiscal 2004-2005 Budget hearing.
2. Prior Council/Agency Approval Required. Prior approval of the City Council and/or Redevelopment Agency is required if any of the following are involved:
- a. Changes providing for increases in permanent personnel or changes in classification for personnel from the number of classes or personnel approved in the adopted Budget.
  - b. Contract change orders in excess of \$5,000.
  - c. Changes when in his or her judgment such action would be inconsistent with the purposes and intent of the Budget as adopted.
  - d. Transfers from contingent reserves or appropriations from unallocated reserves which would cause the aggregate amount of 1% of General Fund appropriations, or \$674,845 during fiscal 2004-2005, to be exceeded, except that proceeds of tax revenue in excess of appropriations limit shall be automatically appropriated to the contingency reserve at June 30, 2005.

PASSED AND ADOPTED this 1<sup>st</sup> day of June, 2004, by the following vote of the City Council and the Redevelopment Agency:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

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Gail Blalock, City Clerk

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Jose S. Esteves, Mayor

APPROVED AS TO FORM:

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Steven T. Mattas, City Attorney

RESOLUTION NO. \_\_\_\_\_

**A JOINT RESOLUTION OF THE MILPITAS REDEVELOPMENT AGENCY  
AND THE CITY COUNCIL OF THE CITY OF MILPITAS  
MAKING FINDINGS FOLLOWING A PUBLIC HEARING THEREON**

WHEREAS, the Milpitas Redevelopment Agency and the City Council of the City of Milpitas seek to acquire, construct, and improve certain public facilities of benefit to the Redevelopment Area and to the community; and

WHEREAS, the 2004-2009 Capital Improvement Program enumerates the capital projects that the Agency and the City of Milpitas wishes to undertake, setting forth the desired timing and financing resources for the projects that is available to undertake said projects; and

WHEREAS, notice was given of a joint public hearing before the Milpitas Redevelopment Agency and the City Council of the City of Milpitas at 6:30 p.m. on May 11, 2004, at the Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, California; and

WHEREAS, prior to said hearing the 2004-09 Capital Improvement Program was prepared and made available for public inspection and copying, and the 2004-05 Capital Budget of the 2004-09 Capital Improvement Program is hereby referred to and made a part hereof as though fully set forth herein; and

WHEREAS, a joint hearing was held at said time and place. Opportunity was given to any member of the public to comment, and to inquire. The hearing was closed, and following the close thereof the 2004-09 Capital Budget was approved, as amended

WHEREAS, evidence was offered by the Agency/City staff in support of the findings hereafter made.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Each of the statements contained in the above recitals are true and correct, and incorporated herein by reference and are approved and confirmed.

SECTION 2. The evidence offered by the Agency/City staff and contained in the 2004-09 Capital Improvement Program set forth the facts supporting the determinations required to be made pursuant to Section 33445 of the Health and Safety Code and set forth the redevelopment purpose for which redevelopment funds are being used to pay for the acquisition, construction, and improvements of publicly owned facilities.

SECTION 3. The land and facilities to be acquired, constructed, and improvements that are to be made thereon are within the Project Area of the Agency or adjacent to the Project Area.

SECTION 4. The acquisition of land, facilities, buildings, structures, and other improvements to be acquired or constructed as set forth in the 2004-09 Capital Improvement Program are of benefit to the Project Area and will assist in eliminating blighting conditions within the Project Area.

SECTION 5. No other reasonable means of financing such buildings, land, facilities, structures or other improvements are available to the community.

PASSED AND ADOPTED this 1<sup>st</sup> day of June, 2004, by the following vote of the Redevelopment Agency and the City Council of the City of Milpitas:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

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Gail Blalock, City Clerk

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Jose S. Esteves, Mayor

APPROVED AS TO FORM:

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Steven T. Mattas, City Attorney

# City of Milpitas

*Department of Financial Services*



**Date:** May 26, 2004  
**To:** Honorable Mayor and City Council  
**Through:** Thomas J. Wilson, City Manager  
**From:** Emma C. Karlen, Director of Financial Services  
**Subject:** Evidence in support of Health & Safety Code §33445 Findings

## **Background:**

The purpose of this report is to offer evidence to the Milpitas Redevelopment Agency Board and to the City Council, supporting findings that are consistent with the requirements of Health and Safety Code §33445. With the consent of the legislative body, the Agency may pay all or part of the value of the land and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or outside the project area, if the legislative body determines the following:

1. That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located.
2. That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.
3. That the payment of funds for acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the Project area, or provide housing for low or moderate-income persons and is consistent with the Implementation Plan.

Several of the projects to be financed by the Agency in the 2004-2005 Capital Improvement Program are either ongoing projects or have been identified in earlier Capital Improvement Programs. H&S §33445 findings for these projects have been made in previous years. Community Redevelopment Law changed in 1994 as a result of the passage of AB1290, specific blight findings are now required. Consequently, this report will reference many of the physical and economic conditions that cause blight as described in Health & Safety Code §33031 and how the financing of the projects listed will assist in the elimination of blighting conditions inside the Project Area.

## **Discussion:**

The buildings, facilities, structures, or other improvements proposed to be funded in whole or in part by the Agency are enumerated in the 2004-2009 Capital Improvement Program. They are categorized as Community Improvement Projects, Park Improvement Projects, Street Improvement Projects, and Utility Improvement Projects. The proposed format and amounts of financing for these projects for fiscal year 2004-2005 are outlined in the 2004-2009 Capital Improvement Program.

Community Improvements

Project	Blighting Conditions	Improvements
Telecommuni- cations Infrastructure & GIS	City facilities are geographically separated within the Project Area. It is impractical to co-locate City/Agency facilities due to the existence of subdivided lots of inadequate size for proper usefulness and development by the City or the Agency.	These projects will construct a Citywide telecommunications network in all major City facilities and install a Geographic Information System to integrate all relevant City information systems. These projects will improve the economically viable use of City buildings and mitigate the existence of subdivided lots which precludes the City and Agency from co-locating its facilities.
Sports Center Large Gym Improvements & Underwater Pool Lighting	The Sports Center provides recreational services for citizens throughout the City. Its proximity to the Project Area benefits low and moderate income citizens in the neighborhood. Improvements are needed to replace the floor and support structure of the gym and underwater pool lighting in accordance with the California Health and Safety Code. The existing conditions are unsafe for citizens and community groups to use.	These projects will include replacing the 40- year old gymnasium floor and dilapidated bleachers, add new wall safety padding in the large gym and provide upgraded electrical panels, transformers and light fixtures for the pool, in compliance with code. The improvements will eliminate the blighting conditions of an unsafe public building for public use. The projects will also eliminate blighting conditions of inadequate recreational facilities and enhance property values of neighboring low and moderate income homes.
Miscellaneous City Buildings Improvement	Many of the City Buildings that are located inside or adjacent to the Project Area are seismically inadequate and ADA non-compliant. These buildings are unsafe and unhealthy for employees, citizens and community groups to work or use.	These projects provide for the necessary electrical, plumbing, and structure changes that will bring the City buildings up to code. These improvements will eliminate the conditions of the buildings that are unsafe and unhealthy for people to work or use.
Evidence Freezer	The Police building is immediately adjacent to the Project Area. The Police department provides significant stabilization benefits to adjoining residential areas and immediate neighborhood that contains low and moderate income families. The building was constructed using Agency fund based on findings made in 1986. The Evidence Room located in the Police building contains freezers for storage of crime evidence that are near capacity. The inadequacy of the evidence room and freezers prevents the economically viable use of the building.	This project will provide a walk-in freezer and modifications to existing shelving and work space to the evidence room. These building modifications will eliminate blight by improving the utility and capacity of the evidence room and freezers caused by substandard design.
Midtown Parking Garage Design	The Midtown Area was added to the Redevelopment Project Area in June 2003. Parking deficiencies in the Midtown Area was identified as one the blighting conditions. Inadequate parking is a major factor affecting economic viability of commercial area, as evidenced by the lower taxable retail sales per	This project will fund the costs for land acquisition, design and ultimately construction of a parking garage in Midtown. The parking garage will serve the Midtown area and the new Library. It will provide approximately 300 parking spaces on 3 parking levels. The parking garage will eliminate blight by providing adequate parking to encourage patrons to

Library Design	<p>square foot of the commercial retail building.</p> <p>The Midtown Area was added to the Redevelopment Project Area in June 2003. Many blighting conditions were identified in the Midtown including buildings of substandard design, incompatible land uses, lower taxable retail sales, low residential and commercial sales prices, low lease rates and an increase in business closures.</p>	<p>shop in the Midtown Area.</p> <p>The project will provide for the design and ultimately construction of a new library in the Midtown Area. The New Milpitas Public Library will be located at the historic Milpitas Grammar School. The existing Library in the Town Center is a highly utilized library but is extremely inadequate in size to serve its users. The new Library will eliminate blighting conditions in the Midtown by serving as a catalyst to bring patronage to the area and revitalize the commercial and residential development in Midtown.</p>
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#### Park Improvements

Project	Blighting Conditions	Improvements
Athlete Court Resurfacing	<p>Many of the tennis courts surface in the City parks are old and dilapidated, creating an unsafe recreational environment. Most of the parks are located in the Project Area or close to the Project Area. The property values of neighboring homes are affected due to the conditions of the parks.</p>	<p>This project provide for the resurfacing of the athletic courts in various City parks. These improvements will improve parks and recreational facilities that are unsafe or unhealthy for persons to use. The renovated parks will also enhance the property values of neighboring low and moderate-income homes.</p>

#### Street Improvements

Project	Blighting Conditions	Improvements
Traffic Signal Modifications and Preemption System	<p>Within the Project Area's commercial and industrial zone, there are high business turnover rates and excessive vacant lots partly due to insufficient transportation flow.</p>	<p>These projects will install backup battery units and preemptive system at various priority city locations. The backup battery units will serve as an alternative power source in the event of a power outage. The preemptive system allows emergency vehicles to override traffic signal cycle in case of emergency. These improvements will eliminate blight by providing for adequate transportation infrastructure and traffic circulation into the Project Area.</p>
Street Resurfacing Project	<p>Within the Project Area, there are many depreciated and stagnant property conditions partly due to dilapidated street surface and pothole conditions.</p>	<p>This project provides pavement improvements and rehabilitation or reconstruction of street surface throughout the City, benefiting the Project Area. These improvements will provide the transportation infrastructure and traffic circulation necessary to improve the conditions of stagnant property values within the Project Area.</p>
BART Extension Coordination and Planning	<p>The Midtown Area was added to the Redevelopment Project Area in June 2003. Many blighting conditions were identified in the Midtown including buildings of substandard design, incompatible</p>	<p>This project will include coordination of utilities, Right of Way and other design features with outside agencies to extend BART from Fremont to San Jose with in station close to the Midtown Area in Milpitas. These improvements will</p>

	land uses, lower taxable retail sales, low residential and commercial sales prices, low lease rates and an increase in business closure.	transition the Midtown Area to a transit oriented, high density housing area. By funding this project, the Agency will spur infill housing and stimulate commercial activities
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Utility Improvements

Project	Blighting Conditions	Improvements
Main Sewer Pump Station Site Improvements	Within the Project Area's commercial and industrial zone, economically viable use of many buildings is hindered due to insufficient utility infrastructure.	This project provides design and construction of drainage, pavement, fencing and other surface improvements at the Main Sewer Pump Station. This site will also be improved to accommodate the relocated Public Works Corp Yard at Main Street, allowing the construction of the new Library. These improvements will eliminate factors that hinder the economically viable use or capacity of buildings or lots, by improving deteriorated, faulty and inadequate utility infrastructure serving the Project Area.
Oakcreek Pump Station Improvements	Within the Project Area's commercial and industrial zone, economically viable use of many buildings is hindered due to insufficient utility infrastructure.	This Project provides for the replacement of three engines and engine control panels at the Oakcreek Pump Station. The Pump Station is located near Sycamore Drive and McCarthy Boulevard and provides drainage for the Oakcreek Industrial Park located in the Project Area. These improvements will eliminate factors that hinder the economically viable use or capacity of buildings or lots, by improving deteriorated, faulty and inadequate utility infrastructure serving the Project Area.

Each of these projects will benefit the Project Area, and each project is consistent with the updated Five-Year Redevelopment Implementation Plan and the Amended and Restated Redevelopment Plan, adopted by the City Council and Agency in June 2003. Although many of these projects are partially funded by various revenue sources such as gas tax, grants, user fees, and developer contributions, these revenues are inadequate to fund all the foregoing projects. Without the Agency's funding, there are no other reasonable means of funding to complete these projects. The blighting conditions described above cause and will continue to cause a reduction and lack of proper utilization of the Project Area to such an extent that these conditions cannot be alleviated either by private enterprise or the City acting alone, requiring redevelopment financing to be used in the interest of the community.

**Recommendation:**

Adopt Resolution finding that the financing proposed is consistent with the purpose of redevelopment and the Agency's Implementation Plan, benefiting the Project Area and assisting in the elimination of blight in the Project Area and that no other reasonable means of financing the projects are available to the community.

RESOLUTION NO. \_\_\_\_

**A RESOLUTION OF THE MILPITAS REDEVELOPMENT AGENCY  
AUTHORIZING PAYMENTS TO THE CITY OF MILPITAS PURSUANT TO THE  
SECOND AMENDED AND RESTATED PUBLIC WORKS AGREEMENT**

WHEREAS, on September 21, 1976, by Ordinance No. 192, the City Council of the City of Milpitas ("City") adopted the redevelopment plan ("Redevelopment Plan") for the Milpitas Redevelopment Project No. 1, which the City has subsequently amended a total of eight times (as amended, the "Project"), and

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) and its general city powers, the City desires to assist the Milpitas Redevelopment Agency ("Agency") in the implementation of the Project, and

WHEREAS, on June 3, 2003, the City and the Agency entered into a Second Amended and Restated Public Works Agreement ("Agreement") for the construction of Public Improvements, and

WHEREAS, under the Agreement, the City is required to cause the acquisition and construction of certain public improvements and the performance of certain programs and activities as identified in the Redevelopment Agency Financing pages of the Five Year Capital Improvement Program, attached hereto as Attachment No. 1 (the "Public Improvements") to serve and benefit the Project, and

WHEREAS, the Agency and the City have determined that the Public Improvements are of benefit to the Project, and that no other reasonable means of financing such Public Improvements are available to the community;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

In return for the City's obligation to acquire, construct and perform such Public Improvements, the Agency shall pay to the City full cost of the Public Improvements as set forth in Attachment No. 1, or any portion thereof as demanded by the City.

PASSED AND ADOPTED this 1<sup>st</sup> day of June, 2004, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

\_\_\_\_\_  
Gail Blalock, City Clerk

\_\_\_\_\_  
Jose S. Esteves, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Steven T. Mattas, Attorney

## Attachment No. 1

**City of Milpitas**  
**2004-2009 CAPITAL IMPROVEMENT PROGRAM**  
**REDEVELOPMENT AGENCY FINANCING**

<b>RDA Tax Increment (a)</b>	<b>Prior Year</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>TOTAL</b>
<b>Summary</b>							
Community Improvement Projects	8,264,279	(237,558)	1,425,000	0	360,000	160,000	9,971,721
Park Projects	1,608,955	150,000	0	0	0	0	1,758,955
Street Projects	38,898,556	995,000	2,081,500	760,000	610,000	3,510,000	46,855,056
Water Projects	679,700	0	0	0	0	0	679,700
Sewer Projects	445,000	160,000	494,000	0	0	5,000,000	6,099,000
Storm Drain Projects	1,320,000	102,000	1,125,000	0	0	0	2,547,000
<b>RDA Tax Increment Total:</b>	<b>13,137,430</b>	<b>1,064,442</b>	<b>3,625,500</b>	<b>760,000</b>	<b>970,000</b>	<b>5,160,000</b>	<b>23,717,942</b>

<b>RDA Bond</b>	<b>Prior Year</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>TOTAL</b>
<b>Summary</b>							
Community Improvement Projects	7,853,879	7,900,000	0	0	0	0	15,753,879
Park Projects	5,246,020	0	0	0	0	0	5,246,020
Street Projects	38,898,556	500,000	0	0	0	0	39,398,556
Water Projects	679,700	0	0	0	0	0	679,700
Sewer Projects	445,000	1,000,000	0	0	0	0	1,445,000
Storm Drain Projects	1,320,000	0	0	0	0	0	1,320,000
<b>RDA Bond Total:</b>	<b>14,493,155</b>	<b>9,400,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,893,155</b>

**Community Improvement Projects - 8000**

8093 Telecommunications Infrastructure	4,352,437	150,000	325,000	0	0	0	4,827,437
8102 Community Center Renovation	410,000	0	100,000	0	0	0	510,000
8112 GIS	1,184,750	100,000	0	0	0	0	1,284,750
8134 Senior Center Renovation	1,830,000	(957,558)	0	0	0	0	872,442
8135 Buildings Improvements	320,508	200,000	0	0	0	0	520,508
8151 Interim Senior Center	141,584	0	0	0	0	0	141,584
8156 Police Department Community Room	25,000	(25,000)	0	0	0	0	0
New City Hall Building Preservation Program	0	0	0	0	0	100,000	100,000
New In-ground Water Clarifiers	0	0	0	110,000	0	0	110,000
New Evidence Freezer	0	65,000	0	0	0	0	65,000
New Sports Center Large Gym Improvements	0	150,000	1,000,000	0	0	0	1,150,000
New Sports Center Underwater Pool Lighting	0	80,000	0	0	0	0	80,000
New Sports Center Swimming Pool Improvements	0	0	0	250,000	0	0	250,000
New Range Lead Containment System	0	0	0	0	0	60,000	60,000
<b>Total:</b>	<b>8,264,279</b>	<b>(137,558)</b>	<b>1,425,000</b>	<b>0</b>	<b>360,000</b>	<b>160,000</b>	<b>9,971,721</b>

**Park Projects - 5000**

5053 Hetch-Hetchy R/W Landscape Renovator	23,600	0	0	0	0	0	23,600
5065 Picnic Shade Structure - Gill Park	58,977	0	0	0	0	0	58,977
5069 Athletic Court Resurfacing	0	150,000	0	0	0	0	150,000
8149 Sports Center Master Plan Improvements: Phase 1	1,526,378	0	0	0	0	0	1,526,378
<b>Total:</b>	<b>1,608,955</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,758,955</b>

**Street Projects - 4000**

4039 Tasman / I-880 Interchange	18,344,166	0	0	0	0	0	18,344,166
4067 Annual Sidewalk Replacement	130,000	0	0	0	0	0	130,000
4133 Tasman Extension - Great Mall Parkway to I-880	12,514,740	0	0	0	0	0	12,514,740
4140 N. Milpitas Blvd. Median Renovation	760,400	0	0	0	0	0	760,400
4167 Traffic Signal Modifications	70,000	20,000	20,000	25,000	25,000	25,000	185,000
4179 Montague Expwy Widening at Great Mall Parkway	3,300,000	0	0	0	0	0	3,300,000
4180 Montague Expressway Widening at Milpitas Blvd.	110,000	0	0	0	0	0	110,000
4182 Pavement Improvement Program	1,422,000	0	0	0	0	0	1,422,000
4200 Singley Area Street Rehabilitation	1,361,000	0	1,000,000	0	0	0	2,361,000
4202 Calaveras Blvd. R/R Overcrossing Landscaping	0	0	150,000	0	0	0	150,000
4206 Coyote Creek Trail Reach 1	495,000	(100,000)	0	0	0	0	395,000
4212 Traffic Signal at Barber Lane/Bellew Dr.	233,000	0	0	0	0	0	233,000
4213 Alt. Alignment Study Ped/Bicycle Overcrossing	61,250	0	0	0	0	0	61,250
4221 Abel Street Road Improvements	97,000	0	0	0	0	0	97,000
New Annual Street Resurfacing Project 2005	0	960,000	0	0	0	0	960,000
New Annual Street Resurfacing Project 2006	0	0	220,000	0	0	0	220,000
New Annual Street Resurfacing Project 2007	0	0	0	500,000	0	0	500,000
New Annual Street Resurfacing Project 2008	0	0	0	0	500,000	0	500,000
New Annual Street Resurfacing Project 2009	0	0	0	0	0	500,000	500,000
New Bart Extension Coordination and Planning	0	85,000	85,000	85,000	85,000	85,000	425,000
New Carlo Street Partial Closure & Signalization	0	0	476,500	0	0	0	476,500
New Milpitas Boulevard Signal Interconnect	0	0	25,000	150,000	0	0	175,000
New North Milpitas Blvd. Soundwall Renovation	0	0	105,000	0	0	0	105,000
New Traffic Signal Preemption System	0	30,000	0	0	0	0	30,000
New VMS Replacement	0	0	0	0	0	2,900,000	2,900,000
<b>Total:</b>	<b>38,898,556</b>	<b>995,000</b>	<b>2,081,500</b>	<b>760,000</b>	<b>610,000</b>	<b>3,510,000</b>	<b>46,855,056</b>

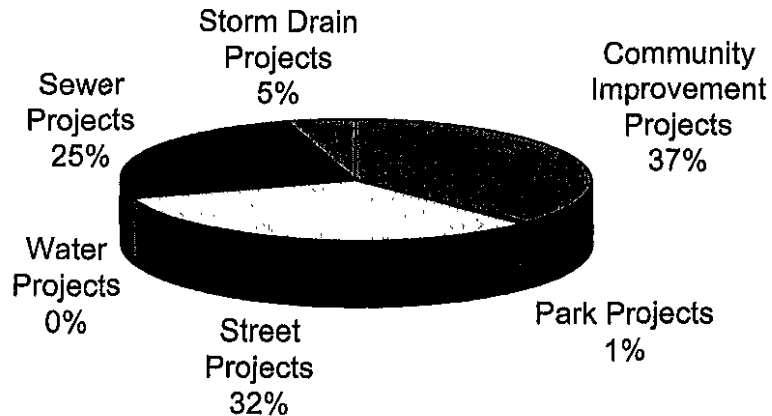
Attachment No. 1

City of Milpitas  
2004-2009 CAPITAL IMPROVEMENT PROGRAM

REDEVELOPMENT AGENCY FINANCING

RDA Tax Increment (a)	Prior Year	2004-05	2005-06	2006-07	2007-08	2008-09	TOTAL
<b>Water Projects - 7000</b>							
7050 Cathodic Protection	679,700	0	0	0	0	0	679,700
<b>Total:</b>	<b>679,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>679,700</b>
<b>Sewer Projects - 6000</b>							
6078 San Jose Parallel Forcemain	300,000	0	0	0	0	0	300,000
6079 Main Sewer Pump Station Site Improvements	145,000	0	0	0	0	0	145,000
New Main/Great Mall Dr. Sewer Replacement	0	160,000	494,000	0	0	0	654,000
New Main Sewer Pump Station Improvements	0	0	0	0	0	5,000,000	5,000,000
<b>Total:</b>	<b>445,000</b>	<b>160,000</b>	<b>494,000</b>	<b>0</b>	<b>0</b>	<b>5,000,000</b>	<b>5,699,000</b>
<b>Storm Drain Projects - 3000</b>							
3371 Minor Storm Drain Projects	60,000	0	0	0	0	0	60,000
3385 Manor Storm Pump Station Backup Generator	65,000	0	0	0	0	0	65,000
8106 Storm Water Pump Station Improvement	75,000	0	0	0	0	0	75,000
8138 Berryessa Pump Station Improvements	385,000	0	1,125,000	0	0	0	1,510,000
8140 Oakcreek Pump Station Improvement	735,000	102,000	0	0	0	0	837,000
<b>Total:</b>	<b>1,315,000</b>	<b>102,000</b>	<b>1,125,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,542,000</b>

Redevelopment Agency Funding by Project Category



RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE MILPITAS REDEVELOPMENT AGENCY  
DETERMINING THAT THE PLANNING AND ADMINISTRATION EXPENSES TO BE  
FUNDED IN FISCAL YEAR 2004-05 BY THE HOUSING RESERVE FUND  
ARE NECESSARY FOR THE PRODUCTION, IMPROVEMENT AND/OR PRESERVATION OF  
AFFORDABLE HOUSING FOR THE LOW AND MODERATE INCOME HOUSEHOLDS**

WHEREAS, on September 21, 1976, by Ordinance No. 192, the City Council of the City of Milpitas adopted the redevelopment plan ("Redevelopment Plan") for the Milpitas Redevelopment Project Area No. 1 ("Original Project Area") and

WHEREAS, the Redevelopment Plan has been amended a total of eight (8) times to, among other things, add area to the Original Project Area, increase the tax increment and bonded indebtedness limits, and extend the dates to incur debt, repay debt and collect tax increment, and

WHEREAS, pursuant to Section 33334.2(a) of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) not less than 20% of all taxes which are allocated to the Milpitas Redevelopment Agency ("Agency") shall be set aside by the Agency in a Housing Reserve Fund and used by the Agency for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing available at affordable housing costs to people and families of low and moderate income, and

WHEREAS, pursuant to Section 33334.3(d) of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) it is the intent of the California State Legislature that the amount of money spent for planning and general administration from the Housing Reserve Fund not be disproportionate to the amount actually spent for the cost of production;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Agency hereby determines that it is necessary to allocate \$703,018 of the estimated \$5,547,600 Housing Reserve Fund Budget for the planning and administrative expenses necessary for the production, improvement, and or preservation of low and moderate housing during the 2004-05 fiscal year.

PASSED, APPROVED AND ADOPTED this 1<sup>st</sup> day of June, 2004, by the following vote of the Milpitas Redevelopment Agency:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

\_\_\_\_\_  
Gail Blalock, City Clerk

\_\_\_\_\_  
Jose S. Esteves, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Steven T. Mattas, Attorney